



Columbia Kitchen Cabinets

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

May 31, 2024

Table of Contents

Background.....	3
1. Steps Taken by Entity.....	4
2. Structure, Activities and Supply Chains.....	5
3. Policies & Due Diligence.....	6
4. Risk Assessment.....	6
5. Remediation - Forced & Child Labour.....	7
6. Remediation - Vulnerable Family Income Loss.....	7
7. Awareness Training.....	8
8. Ensuring Effectiveness of Processes.....	8
Approval and Attestation.....	9

Background

This report is made on behalf of Columbia Kitchen Cabinets Ltd. (“Columbia Kitchen Cabinets”, “we”, “us” or “our”) pursuant to Section 11(1) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Bill S-211” or the “Act”) covering our most recently completed fiscal year from August 1, 2022, to July 31, 2023. This is the first version of the report submitted by Columbia Kitchen Cabinets.

Forced labour can be found in almost every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide. Forced labour and child labour risks occur primarily through the global supply chains of businesses. As such, there is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative labour practices are identified, addressed, and eradicated from supply chains. Based on the Act, there are eight mandatory areas that must be reported:

1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
2. Its structure, activities, and supply chain(s).
3. Its policies and due diligence processes in relation to forced labour and child labour.
4. The parts of its business(es) and supply chain(s) that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
5. Any measures taken to remediate any forced labour or child labour.
6. Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
7. The training provided to employees on forced labour and child labour.
8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business(es) and supply chain(s).

1. Steps Taken by Entity

To address the requirements of Bill S-211, the following steps have been undertaken by Columbia Kitchen Cabinets to identify and manage risks associated with forced labour and child labour in our businesses and supply chains:

Step 1 - Assess Applicability

Our work commenced with a planning meeting involving Columbia Kitchen Cabinets' accounting and production departments and an independent consulting firm, where the applicability of the Act was thoroughly discussed, and initial activities such as identifying key stakeholders, management, and personnel; obtaining necessary documentation; and developing a draft timeline for the required analysis, and ultimately for report preparation were completed.

Step 2 – Scope Identification

Management of Columbia Kitchen Cabinets conducted an assessment and identified relevant business areas by analyzing Columbia Kitchen Cabinets' financial statements and other data to understand transaction streams and accounts related to our supply chain, both at a consolidated company and individual business entity level. We documented Columbia Kitchen Cabinets' business structure, related activities, and reviewed existing policies and processes that may be relevant to identifying risks and mitigations related to forced labour and child labour within our operations and supply chain.

Step 3 – Risk Assessment

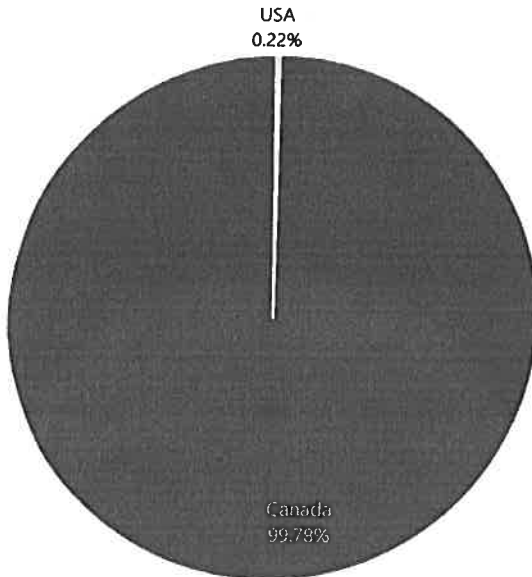
Columbia Kitchen Cabinets' management reviewed the supply chain data, analyzed suppliers, expenditures, and categories of goods across various jurisdictions, and conducted a preliminary analysis of significant suppliers in high-risk areas to assess relationships and financial flows. Following this, we prepared a comprehensive risk assessment categorizing potential exposure levels in Low, Medium, and High-risk categories with respect to forced or child labour. Factors that were considered in our risk assessment included significance of spend, category of goods, and origin of the goods.

Step 4 – Remediation and Action Plans

Based on the results of our initial risk assessment (please refer to Section 4 for details), five suppliers were identified as posing a medium risk with the remainder all at low risk. As a result, there is no need to develop or implement any remediation effort.

2. Structure, Activities and Supply Chains

Spend by Country



This Bill S-211 report is for Columbia Kitchen Cabinets Ltd. which is engaged in manufacturing of kitchen cabinetry and vanities. Columbia Kitchen Cabinets is a privately owned entity located in Abbotsford, British Columbia.

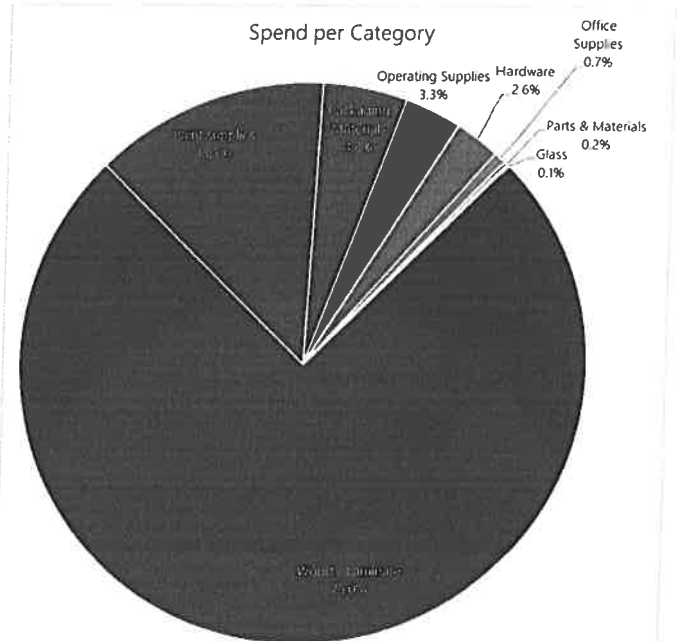
Columbia Kitchen Cabinets meets two of the three criteria (assets, revenue, and number of employees) in fiscal 2023, with total assets exceeding \$20M and revenue exceeding \$40M.

All of Columbia Kitchen Cabinets' supply chain is sourced from Canada and the US, thus inherently carrying lower risk of forced labour or child labour.

For fiscal year 2023, Columbia Kitchen Cabinets' supply chain spend primarily consisted of the following categories of goods:

- Wood/Laminate (75%)
- Paint Supplies (13%)
- Packaging Materials (5%)
- Operating Supplies (3%)
- Hardware (3%)
- Office Supplies (0.7%)
- Parts & Materials (0.2%)
- Glass (0.1%)

Spend per Category



3. Policies & Due Diligence

Columbia Kitchen Cabinets has not developed specific formal policies and due diligence procedures in place as it pertains to forced and child labour mitigation. We will review procurement practices to further enhance the rigor of our due diligence processes including raising awareness with suppliers. Columbia Kitchen Cabinets have the following policies and due diligence procedures in place in relation to procurement practices:

1. Columbia Kitchen Cabinets maintains a small procurement team that has built strong, lasting connections with vendors and sources very particular products to ensure the quality of their products.
2. Code of Conduct – Columbia Kitchen Cabinets has an established code of conduct that requires sign-off by employees during the onboarding process.

4. Risk Assessment

To manage the risks associated with forced and child labor, Columbia Kitchen Cabinets employs a systematic approach to classify suppliers into low, medium, and high-risk categories. This involves evaluating a combination of multiple factors, including the origin of goods, the category of goods, and significance of spend.

Origin of Goods

All Columbia Kitchen Cabinets suppliers are based in Canada and the United States, both of which are considered low-risk countries with respect to forced labor and child labor.

The risk assessment of the origin of goods references, amongst other publicly available data, the US Department of Labour (<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods/supply-chains>).

Category of Goods

We assessed the category of goods based on the following considerations:

- Wood and laminate procurement constitutes over 75% of supply chain activities by spend. According to the US Department of Labour, the risk category for Wood and laminate is designated as extreme. However, this classification pertains specifically to certain countries, not including Canada and the US. Given that Columbia Kitchen Cabinets exclusively procures wood and laminate sourced from within Canada, the associated risk is evaluated as low.
- Similarly, glass is considered a high-risk good when sourced from a high-risk country. Since Columbia Kitchen Cabinets exclusively procures glass from within Canada, the associated risk is evaluated as low.

The risk assessment of the category of goods references the US Department of Labor <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

Spend

The spend risk rating utilizes stratification of spend per vendor into three intervals to assess the significance (and accordingly, risk level) associated with supply chain expenditures. This approach enables management to prioritize oversight and control, ensuring that higher-risk financial activities receive the appropriate level of scrutiny. The classifications are as follows:

- Expenditures that are equal to or less than 2% of the total annual supply chain spend are considered low risk.
- Expenditures that fall between 2% and 3.5% of the total annual supply chain spend are classified as medium risk.
- Expenditures that equal or exceed 3.5% of the total annual supply chain spend are deemed high risk.

Other factors

Other factors considered for the risk assessment included, but were not limited to:

- Small Local Business (Low Risk): These are locally operated small businesses known for their transparent supply chains, attributable to their small scale and emphasis on regional community engagement.
- Publicly Traded Company (Low Risk): These suppliers belong to publicly traded companies that are subjected to rigorous reporting standards, fostering greater transparency.
- Long-term Partner (Low Risk): Supplier with whom Columbia Kitchen Cabinets has maintained a long-term relationship, consistently proving their commitment to ethical labour practices.
- Suppliers with Unionized Workforces (Low Risk): Suppliers that have their workforce represented by labour unions are recognized for their advocacy of workers' and human rights.
- Wood / Laminate / Glass materials are all sourced from Canada and USA.

Based on our comprehensive risk assessment, management evaluated over 200 suppliers for this report. The assessment revealed that all are assessed at a low risk of forced labour or child labour.

5. Remediation - Forced & Child Labour

To date, Columbia Kitchen Cabinets has not identified any instances of forced or child labour, and our risk assessment and analysis, as described previously, does not reveal any high-risk exposures. Consequently, there are currently no remediation efforts required.

Should Columbia Kitchen Cabinets be made aware of any issues regarding the behaviour or conditions within our supply chain, Columbia Kitchen Cabinets is committed to promptly address such a situation by entering into discussions with the relevant party, investigating the facts and circumstances, developing appropriate corrective actions with the supplier and ensuring such corrective actions are implemented.

6. Remediation - Vulnerable Family Income Loss

As noted above, there have been no instances identified by Columbia Kitchen Cabinets of forced labour or child labour. As such remediation does not apply.

7. Awareness Training

Columbia Kitchen Cabinets will provide internal training by July 31, 2024, to all employees on identifying, assessing, and responding to the risks associated with child labor and forced labor within Columbia Kitchen Cabinets' operations and supply chains.

Columbia Kitchen Cabinets recognizes the importance of having employees aware of signs of child and forced labour and has considered the opportunity to incorporate training on this during the onboarding process and throughout its existing Code of Conduct policy.

8. Ensuring Effectiveness of Processes

On May 31, 2024, Columbia Kitchen Cabinets completed and reported our initial assessment of Bill S-211, and we remain committed to ongoing reviews of our processes, policies, and practices, including the assessment of our suppliers. This commitment is aimed at aligning with industry leading practices and mitigating our risks related to forced labor and child labor.

Policies and Procedures

Columbia Kitchen Cabinets' policies and procedures will be reviewed by July 31, 2024, to identify gaps to further strengthen and reduce the risk of forced and child labour within our activities and supply chains now and into the future.

A forced and child labour clause will be added to the existing Code of Conduct. This clause will explicitly state that Columbia Kitchen Cabinets has zero-tolerance for forced and/or child labour. Columbia Kitchen Cabinets will review practices and determine appropriate regular acknowledgement and sign-off on the Code of Conduct, representing staff adherence to Columbia Kitchen Cabinets' code.

Supplier Activities

Supplier Agreement: Columbia Kitchen Cabinets has identified the opportunity to implement a clause within new supplier agreements clearly stating our zero-tolerance for child labour and forced labour. This clause will identify the outcome or, disciplinary action should an instance of child or forced labour be reported to or discovered by Columbia Kitchen Cabinets.

Supplier Monitoring: Key suppliers of Columbia Kitchen Cabinets will be monitored on an annual basis through performance reviews. Record keeping for frequency of reviews and date of last review will be kept in a centralized system to ensure these reviews are being performed by Columbia Kitchen Cabinets management.



Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Columbia Kitchen Cabinets Lumber Group. This report covers financial year 2023 and applies to *Columbia Kitchen Cabinets* in terms of the Act.

Ryan Loewen

A handwritten signature in black ink, appearing to read "Ryan Loewen", written over a horizontal line.

Full Name

Signature

CEO

A handwritten date in black ink, "May 30, 2024", written over a horizontal line.

Title

Date